

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. Contract ID Code Firm-Fixed-Price		Page 1 Of 5	
2. Amendment/Modification No. 07		3. Effective Date 2003DEC09		4. Requisition/Purchase Req No. SEE SCHEDULE		5. Project No. (If applicable)	
6. Issued By TACOM WARREN BLDG 231 AMSTA-AQ-AHEB MADELINE MOWERY (586)753-2654 WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL EMAIL: MOWERYM@TACOM.ARMY.MIL		Code W56HZV		7. Administered By (If other than Item 6) DCMA DETROIT U.S. ARMY TANK & AUTOMOTIVE COMMAND (TACOM) ATTN: DCMAE-GJD WARREN, MI 48397-5000		Code S2305A	
				SCD A PAS NONE ADP PT HQ0337			
8. Name And Address Of Contractor (No., Street, City, County, State and Zip Code) GENERAL DYNAMICS LAND SYSTEMS INC. 38500 MOUND ROAD STERLING HEIGHTS, MI. 48310-3260 TYPE BUSINESS: Large Business Performing in U.S.				<input type="checkbox"/>		9A. Amendment Of Solicitation No.	
				<input type="checkbox"/>		9B. Dated (See Item 11)	
				<input checked="" type="checkbox"/>		10A. Modification Of Contract/Order No. DAAE07-01-G-N001/0009	
				<input type="checkbox"/>		10B. Dated (See Item 13) 2003MAY09	
Code 7W356		Facility Code					
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS							
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendments: (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. Accounting And Appropriation Data (If required) NO CHANGE TO OBLIGATION DATA							
13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS							
KIND MOD CODE: C It Modifies The Contract/Order No. As Described In Item 14.							
<input type="checkbox"/> A. This Change Order is Issued Pursuant To: The Changes Set Forth In Item 14 Are Made In The Contract/Order No. In Item 10A.							
<input type="checkbox"/> B. The Above Numbered Contract/Order Is Modified To Reflect The Administrative Changes (such as changes in paying office, appropriation data, etc.) Set Forth In Item 14, Pursuant To The Authority of FAR 43.103(b).							
<input checked="" type="checkbox"/> C. This Supplemental Agreement Is Entered Into Pursuant To Authority Of: mutual agreement							
<input type="checkbox"/> D. Other (Specify type of modification and authority)							
E. IMPORTANT: Contractor <input checked="" type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the Issuing Office.							
14. Description Of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) SEE SECOND PAGE FOR DESCRIPTION							
15A. Name And Title Of Signer (Type or print)				16A. Name And Title Of Contracting Officer (Type or print) JOHN REGENHARDT REGENHAJ@TACOM.ARMY.MIL (586)574-6973			
15B. Contractor/Offeror (Signature of person authorized to sign)		15C. Date Signed		16B. United States Of America By _____ /SIGNED/ (Signature of Contracting Officer)		16C. Date Signed 2003DEC09	
NSN 7540-01-152-8070 PREVIOUS EDITIONS UNUSABLE				30-105-02		STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243	

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

CONTINUATION SHEET	Reference No. of Document Being Continued		Page 2 of 5
	PIIN/SIIN DAAE07-01-G-N001/0009	MOD/AMD 07	
Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.			

SECTION A - SUPPLEMENTAL INFORMATION

1. The purpose of Modification 07 to Delivery Order 0009 of Corporate BOA DAAE07-01-G-N001 is to incorporate Performance Based Payments and establish the terms and conditions for these payments.
2. Performance Based Payments under this Delivery Order are authorized to start upon incorporation of this provision into the Delivery Order in accordance with the PBP Schedule in Exhibit C.
3. In implementation of the above, Provision G.6. PERFORMANCE BASED PAYMENTS and Exhibit C, PERFORMANCE BASED PAYMENTS SCHEDULES AND CERTIFICATES are added to the Contract. As a result pages G1 and G2 are deleted and replaced by the attached identically numbered pages. Page G3 is added to the Contract.
4. All other terms and conditions of this Delivery Order remain unchanged and in full force and effect.

*** END OF NARRATIVE A 007 ***

CONTINUATION SHEET	Reference No. of Document Being Continued PIIN/SIIN DAAE07-01-G-N001/0009 MOD/AMD 07	Page 3 of 5
---------------------------	--	---------------------------

Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.

SECTION G - CONTRACT ADMINISTRATION DATA
SECTION G

CONTRACT ADMINISTRATION DATA

G.1. ADMINISTRATION TACOM (APR 1985)

- a. Procuring Contracting Officer (PCO). Pursuant to Paragraph 42.202(b) of the Federal Acquisition Regulation, the PCO has retained performance of the contract administration functions set forth in FAR Paragraphs 42.302(b)(4), (7) through (11) and 42.302(c) and all other approval and directional functions set forth in Sections C through I of this Contract.
- b. Administrative Contracting Officer (ACO). The administration of this Contract shall be performed by an ACO designated by the cognizant administration office. The administration of this Contract shall be performed in accordance with Paragraph 42.302(a) of the Federal Acquisition Regulation, and 42.302(b) (1) through (3), (5) and (6), except for changes in the scope of the Contract, which will be made only by the PCO.

G.2. RELEASE OF INFORMATION TACOM (APR 1991)

The contractor shall ensure that he complies with the requirements of Chapter 9 of AR 360-5 dated 31 May 89, Release of Information by Manufacturers, Research Organizations, Educational Institutions Holding Army Contracts, and Other Commercial Entities prior to contemplated release of any procurement information. Approval of the Contracting Officer is required prior to release of any such information. A copy of AR 360-5 may be obtained from web address, <http://contracting.tacom.army.mil>.

G.3. CLIN PRICE CHANGE

- G.3.1. The prices of tanks and other deliverables negotiated under this Contract may be changed by ECPs, VECPs, Claims, and Credits. The total CLIN price may be changed by modification to the Contract as a result of one of the described actions. This clause provides the process for incorporating a unit price credit as a result of a change in the CLIN price.
- G.3.2. The negotiated unit price for tanks under CLINS 0001AA, will remain unchanged EXCEPT for the last vehicle to be delivered under that CLIN. The following table will be used by the Government and the Contractor to track Unit Price credits under a CLIN. The Contractor will bill the Government for the last tank under each CLIN by using the adjusted unit price listed below. As a result of Performance Based payments, should the Contractor owe the Government, the Contractor will pay the amount owed in accordance with the direction of the Administrative Contracting Officer.
- G.3.3. The following table indicates the unit price adjustment due to a decrease in a CLIN amount as described in G.3.1. above. If a CLIN is not listed, then that CLIN's unit price remains at the negotiated unit price.

Modification	\$ Adjustment	SubCLIN	PWD	U/P LAST TANK
Changes to the prices of tanks as described in G.3.1. above shall apply to the U/P of the last tank of the CLIN to which the funds are deobligated. The last tank is always the last vehicle to be delivered under the CLIN. ECP, VECP, and claim adjustments will be handled separately.				

G.4. BOA CLAUSES INCORPORATED BY REFERENCES

- G.4.1. General clauses in the Attachment 0001 of BOA DAAE07-01-G-N001, applicable to this Delivery Order are: R1.1, R1.2, R1.3, R1.4, R1.5, R2.1, R2.2.

G.5. PAYMENTS

- G.5.1. Performance payments of any type do not apply to the CLINs entitled Damaged or Defective Government Material (CLIN TBD), Packaging, Crating and Handling (CLIN TBD), and Priority Shipment (CLIN TBD).
- G.5.2. The Contractor or Government may request a change to Performance Based Payments and/or the payment schedules in Exhibit C as a result of a change in the Scope of Work of the Delivery Order.

G.6 Special Provision Contractor Performance-Based Payments (PBP), ref. FAR 52.232-32 Performance-Based Payments (May 1997)

CONTINUATION SHEET	Reference No. of Document Being Continued PIIN/SIIN DAAE07-01-G-N001/0009 MOD/AMD 07	Page 4 of 5
Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.		

G.6.1. Overview

The Government and General Dynamics Land Systems Inc., hereafter referred to as the Contractor, under this Delivery Order intend for the Contractor to retro-fit fourteen (14) M1A2 Abrams tanks to the M1A2 Abrams SEP configuration. This retro-fit shall occur in accordance with the terms of this Delivery Order and Basic Ordering Agreement DAAE07-01-G-N001.

G.6.2. Performance Objectives

The parties have agreed to incorporate Performance Based Payments. The parties have defined two performance objectives. These performance objectives are:

1. Material Paid For.
2. Direct Labor/Equivalent Units Achieved

Each performance objective, payment event, and the method to measure progress are described in the following paragraphs. The schedules, CLINs, ACRN, payment amounts for successful performance are contained in Exhibit C. The Contractor is not authorized payment for meeting a milestone in advance of the planned Milestone.

Exhibit C shows milestones by month. For the purpose of this clause, a month is defined as the Contractor's accounting month.

G.6.2.1. Not Used

G.6.2.2. MATERIAL.

G.6.2.2.1. Material Paid For. Payment for material received at the Contractors plant(s) is a performance measurement. The requirements and payments are provided in Exhibit C.

G.6.2.2.2. A Performance Material Milestone is completed when the Contractor provides verification that he has received and paid for \$696,050.00(this is an unloaded number without the application of indirect rates) of material from sub-contractors and vendors. The basis for verification shall be the Contractors Check Register plus interdivision and contract transfers as per Schedule 1. In the event a material underrun affects the performance milestone for the last material performance based payment, the Contractor may request that PBP based upon Contractor certification that all material is received. Reference Exhibit C Certifications.

G.6.2.3. DIRECT LABOR.

G.6.2.3.1. The number of equivalent units per plant listed below for the 14 vehicles on contract is 14. Exhibit C provides the performance payment for each monthly milestone earned by plant, which is based on the equivalent units planned for that month at that plant. The Contractor, with its request for performance based payment, shall provide the ACO with the data from the Contractors MRP system that verifies the accomplishment of equivalent units, by plant.

- a. IVO (Imperial Valley Operations)
- b. Tallahassee
- c. Scranton
- d. Muskegon
- e. Anniston Army Depot (ANAD)
- f. Lima Army Tank Plant (LATP) - Plant 1
- g. LATP - Plant 3 Hull Line
- h. LATP - Plant 3 Turret Line
- i. LATP - Plant 3 Marriage thru Test and Adjust

G.6.2.3.2. Equivalent Units. In the Contractors accounting system the direct labor standards necessary to complete one vehicle is one (1) equivalent unit. Each plant, for its portion of the effort to make a single tank, has a number of standard hours and pay points that measure the effort done at that plant. The Contractors Material Resource Planning system tracks the standard hours earned by plant. The Contractor shall break out the data from LATP Plant 3 for the Hull Line, Turret Line, and Marriage thru Test and Adjust. Standard Hours earned will be the basis for determining if a plant has completed an equivalent unit, which is the performance measurement for direct labor. The Contractor shall provide the ACO documentation of equivalent units accomplished based on the Contractors Standardized Land Systems Labor Report. In the event of minor labor reporting anomalies for the last equivalent unit at each plant, the Contractor may request PBP based upon Contractor certification that all units at that plant have been completed. Reference Exhibit C Certifications.

G.6.3. DELIVERIES

CONTINUATION SHEET	Reference No. of Document Being Continued PIIN/SIIN DAAE07-01-G-N001/0009 MOD/AMD 07	Page 5 of 5
Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.		

G.6.3.1. For each tank that is accepted by the Government, subject to the terms and conditions of the Delivery Order, the Government shall pay the amount given in the Delivery Order Schedule, Section B, liquidated using a liquidation rate of 82.0%.

G.6.4. CONTRACT REGULATORY REQUIREMENTS

G.6.4.1. Performance Payment under this provision G.7. is subject to the terms and conditions of the Delivery Order, and FAR 32.1005 and FAR 52.232-32 Performance-Based Payments, (May 1997). In addition, for subcontractors receiving finance payments from the Contractor under this Delivery Order, the following applies.

(a) Financing payments to subcontractors. Finance payments to subcontractors shall be all financing payments to subcontractors or divisions, if the following conditions are met:

- (1) The amounts included are limited to --
 - (i) The unliquidated remainder of financing payments made; plus
 - (ii) Any unpaid subcontractor requests for financing payments.
- (2) The subcontract or interdivisional order is expected to involve a minimum of approximately 6 months between the beginning of work and the first delivery, or, if the subcontractor is a small business concern, 4 months.
- (3) If the financing payments are in the form or progress payments, the terms of the subcontract or interdivisional order concerning progress payments --
 - (i) Are substantially similar to the terms of the clause for any subcontractor that is a large business concern, or that clause with its Alternate I for any subcontractor that is a small business concern;
 - (ii) Are at least as favorable to the Government as the terms of this clause;
 - (iii) Are not more favorable to the subcontractor or division than the terms of this clause are to the Contractor;
 - (iv) Are in conformance with the requirements of FAR 32.504(e); and
 - (v) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if --
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (4) If the financing payments are in the form of performance-based payments, the terms of the subcontract or interdivisional order concerning payments--
 - (i) Are substantially similar to the Performance-Based Payments clause at FAR 52.232-32 and meet the criteria for, and definition of, performance-based payments in FAR Part 32;
 - (ii) Are in conformance with the requirements of FAR 32.504(f); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (5) If the financing payments are in the form of commercial item financing payments, the terms of the subcontract or interdivisional order concerning payments-
 - (i) Are constructed in accordance with FAR 32.206(c) and included in a subcontract for a commercial item purchase that meets the definition and standards for acquisition of commercial items in FAR Part 2 and 12;
 - (ii) Are in conformance with the requirements of FAR 32.504(g); and
 - (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--
 - (A) The Contractor defaults; or
 - (B) The subcontractor becomes bankrupt or insolvent.
- (6) If financing is in the form of progress payments, the progress payment rate in the subcontract is the customary rate used by the contracting agency, depending on whether the subcontractor is or is not a small business concern.
- (7) Concerning any proceeds received by the Government for property to which title has vested in the Government under the subcontract terms, the parties agree that the proceeds shall be applied to reducing any unliquidated financing payments by the Government to the Contractor under this contract.
- (8) If no unliquidated financing payments to the Contractor remain, but there are unliquidated financing payments that the Contractor has made to any subcontractor, the Contractor shall be subrogated to all the rights the Government obtained through the terms required by this clause to be in any subcontract, as if all such rights had been assigned and transferred to the Contractor.
- (9) To facilitate small business participation in subcontracting under this contract, the Contractor shall provide financing payments to small business concerns, in conformity with the standards for customary contract financing payments stated in Subpart 32.113. The Contractor shall not consider the need for such financing payments as a handicap or adverse factor in the award of subcontracts.